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October 18, 1996
VIA E MAIL

TO:	J. D. Fenton	S. J. Osgood	P. F. Killoran
	I. Torregrossa	A. P. Scott	D. P. Mota
	G. A. Ritsert	D. T. Laughman	S. W. Callaghan
	R. A. Smith	M. McHugh	F. Iaconetti
	D. A. Figuerora	M. F. Richards	M. R. Gambardella
	F. L. Maney	G. P. Mitchell	J. F. Klein
	S. C. Grossberg	J. P. Feltman	E. A. Toulon
	M. A. Tucker	D. L. James	L. K. Waechter
	G. R. Teeter	C. A. DiBenedetto	R. L. VanSickle
	K. L. Roth	F. J. DeJong	K. E. Brandt
	J. A. Morris	J. M. Rago	K. L. Myers
	D. C. Eckardt	J. M. Leonard	R. J. Westenberger
	E. Kight, III	R. L. Noonan	T. McMahon
	K. T. Jurgensen	S. W. Callaghan	R. A. Ridge
	R. L. Burrows	T. M. Swoope	C. M. Cole
	P. J. Gilotty	A. D. McLaughlin	N. R. Wagner
	S. Payne	J. Kavanagh	D. A. Qualkinbush
	R. Dobrowski	C. L. Ferencak	E. T. Agner
	T. L. Sampson	T.A. Lee	J. M. George
	D. T. Parnell	S. S. Minnich	K. Spurrier
	T. W. Thomerson	K. Staudacher	A. L. Mushatt
	E. Moss	K. C. Satchell	R. E. Metcalf
	D. M. Palmer	J. R. Burns	D. K. Rhodes
	D. B. Engelbrecht	S. G. Schwalm	J. R. Helm
	A. E. Evanchik	T. Scott	I. Miskewycz
	B. Coleman		

ROUS: 1110, 1210, 1310, 1610, 1710, 1810, 2910, 6710 - As Information

CC: D. L. Wilmesher 1000, R. F. Kane 1100, M. A. Young 1200, J. R. Loftin 1300,
W. J. Roth 1600, P. E. Schmidt 1700, L. T. Poole 1800, G. A. Young 2900,
D. B. Riser 6700

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SUBJECT: SUN COMPANY, INC. (Aplus/Sunoco) RE-MERCHANDISING
CID# 0362-02-XX (Corporate) & 0362-01-XX (Franchise)

As previously notified a new co-existence contract has been finalized with Sun Company, Inc. To leverage the best possible agreement and due to competitive pressure this merchandising program was sold based on chain average of RJR volume, therefore all Company and Franchise locations under CID# 0362-XX-XX will be presented with this program.

Every attempt has been made to ensure ease of implementation for Sales and Retail Representatives.

SUN COMPANY NOTIFICATION/APPROVAL

Currently over 150 Sun Oil Company locations have no SR/RR support due to frequency of quarterly and below and Philip Morris exclusivity. It will be necessary to implement this new merchandising program in these locations. This will require immediate co-ordination between DM's and RM's.

Corporate Management from Sun Company's Philadelphia Office is in the process of meeting with each of their Divisions. Meeting dates are listed on Attachment I. Sun Company's Sales Representatives will then have approximately two (2) weeks to meet with each Corporate and Franchise Store Manager in their division. Reproduction of store manager's letter highlighting new merchandising program is detailed in Attachment II.

Sun's Sales Representative will then obtain Store Management signature and order correct merchandising components via cigarette display order (page 10 - Attachment II).

ORDERING/NOTIFICATION TO FIELD

Cigarette display order will be handled by Sun's Philadelphia Office. All RJR components will be shipped to stores by one of the McLane Distribution Centers. RJR's Division/Retail Manager will be notified via fax with a copy of display order and arrival date to stores. Sales Representatives/Retail Representatives should implement in an expedient manner. Implementation dates are outlined on Attachment I.

Each week RJR's Account Manager calling on each of Sun Company Division Offices (listed on Attachment III) will receive a spread sheet from the Philadelphia Region Office updating which stores have been forwarded to DM/RM'S.

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MERCHANDISING COMPONENTS

All stores utilizing plan-o-gram numbers 1, 2, 4 and 5 will receive the following:

- System III master box consisting of two (2) full price displays each with two (2) 40 pack trays, enhanced sides, top sign holder, channel strip holders, and POS advertising.
- *DORAL/CIMARRON/Value Brand* floor merchandiser

DORAL and *CIMARRON* signage kit will be shipped with each merchandiser. An instruction sheet will be enclosed. Placement of all dividers and POS is crucial in order to meet FTC regulations. Utilize 1" / 3" font kits and starbursts to price the provided Doral and Cimarron advertising. Replacement POS is available from Account Manager Joe Rago. By brand POG is detailed on POG #8 (Attachment IV)

- Promotional Merchandiser (Supplied by P. Morris)

RJR will permanently occupy the bottom two shelves of this merchandiser as noted in POG #9. These shelves will be supported by special POS sign holder. Due to a manufacturing problem the POS holder will not be available until December. Package merchandiser card (24") should be taped to merchandiser until holder is provided. Details will be forthcoming in December. When promotional items are not available utilize in-store couponing (meeting competitive programs) as directed by your Division Management.

All stores utilizing plan-o-gram numbers 3,6 and 7 will receive the following:

- System III master box consisting of two (2) full price displays each with two (2) 40 pack trays, enhanced sides, top sign holder, channel strip holders, and POS advertising.
- One *CIMARRON* wire counter display with (2) 6 wide trays
Utilize extended large PPD card item #394847 with large *Cimarron* pack sticker. 1" / 3" font kit should be utilized for pricing.
- One *DORAL* wire counter display with (2) 6 wide trays.
Doral POS is provided. Starburst and 1" / 3" font kit should be utilized for pricing.

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MERCHANDISING COMPONENTS CONT'D.

- Promotional Merchandiser (Supplied by P. Morris)

RJR will permanently occupy the bottom two shelves of this merchandiser as noted in POG #9. These shelves will be supported by special POS sign holder. Due to a manufacturing problem the POS holder will not be available until December. Package merchandiser card (24") should be taped to merchandiser until holder is provided. Details will be forthcoming in December. When promotional items are not available utilize in-store couponing (meeting competitive programs) as directed by your Division Management.

DIVISION MANAGER/RETAIL MANAGER ROLE

It is recommended that managers work with representative at one or two calls to ensure complete understanding of all details. Feedback on any problems should be immediately provided to the RJR Account Manager responsible for that Sun Division, and to AM Joe Rago - VM #71831.

STORE PLAN-O-GRAMS

The majority of Sun Company's corporate and franchise store counter configurations are addressed in Attachment IV. If a particular store, especially "inner-city" stores do not fit one of the plan-o-grams, Sun Company's Sales Representative will notify AM Joe Rago via the cigarette display order form. Joe will then contact RJR Division/Retail Manager for their assistance in determining merchandising components needed, i.e. suction cup displays. Utilize POG #10 (Attachment 4) to indicate the store layout.

Note: All plan-o-grams are in Excel Format and can be all printed by checking entire workbook in the print menu screen.

OVERHEAD PACKAGE MERCHANDISER

All RJR Overhead Package Merchandisers have been purchased by Sun Company. Sun Company Sales Representative will be replacing current advertising with "We Card" transparency, Aplus/Sunoco logo and non-tobacco advertising. All maintenance and new overhead package merchandiser installations, including removal of Philip Morris OPM's in exclusive calls, will be provided by Sun Company maintenance personnel and a third party supplier. Any immediate/emergency repairs currently required should be done by

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RJR in normal manner until December 1, at which time Sun Company will initiate new maintenance system.

POINT-OF-SALE REQUIREMENTS

- *CIMARRON* curb sign in all stores without restrictive ordinances. New sign kits available from Sun Company's Division Merchandiser.
- RJR window signage for all promotions starting January 1997
- POS on all displays, Value merchandiser and promotional display
- ONLY other POS authorized are Marlboro Door Decal. Marlboro baskets are authorized only if promotional merchandiser is not placed in store.
- If store has ANY POS other than indicated, store should be deemed as non-compliance (requirements listed on Exhibit E - Attachment II)

CONTRACTUAL PLANS

- All self-service plans are to be entered as TYPE: PACK OUTLET L2F
- Non-self service plans are to be entered as TYPE: PACK OUTLET NSL2F
- Retail Accrual plan for Corporate stores TYPE: PK AC MAT PLAN:L3F
- Retail Accrual plan for Franchise stores TYPE: PK AC MAT PLAN:L3F (Match)

OR

- Retail Accrual plan for Franchise stores TYPE: PK ACCRUAL PLAN:L3F (Base)
- Since self-service /non self/service cannot be determined by Philadelphia Chain Office a form 7101 must be completed and forwarded to respective ROU for ALL locations

ROU ROLE

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- Set up procedures to obtain 7101's, (Corporate & Franchise) and enter plans as indicated above.

For your convenience are all Corporate locations in your Division are provided in Attachment V. All Franchise location listed in Attachment VI.

It is important than each member of the RJR team implement all elements of this program which will strengthen RJR's ability for long term success and meeting our corporate objectives.

Program contacts: Account Manager listed on Attachment III
 J. M. Rago - Division #1740 - VM #71831

Good Selling,

Jim

J. M. Piscitelli
Account Executive

Jay

J. R. Loftin
Regional Sales Manager

Joe

J. M. Rago
Account Manager

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